

DETAILED ACTION

Notice to Applicant

1. This communication is in response to Amendments/Remarks filed 08/13/2007.

Claims 1-40 are pending, claims 1-20 are cancelled, and claims 21-40 are new.

Claim Rejections - 35 USC § 101

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 21-40 are rejected under 35 U.S.C. 101 based on Supreme Court precedent, and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876).

3. An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

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4. Here, applicant's method steps, fail the first prong of the new Federal Circuit decision since they are not tied to another statutory class and can be preformed without the use of a particular apparatus. Furthermore, the method steps fail to transform underlying subject matter to a different state or thing. The mere construction of non-functional descriptive material (i.e., a contract) is not a transformation because a contract is not statutory subject matter. Thus, claims 21-40 are non-statutory since they are not tied to another statutory class and they do not transform underlying subject matter to a different state or thing.

5. Claims 21-40 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claimed invention does not lies within one of the four classes of statutory subject matter. The claimed invention does fall with the judicial exception category of and abstract idea. The invention does not transform an article or physical object, and it does not produce any useful, concrete, and tangible result. The result of the method of performing an unspecified mathematical function does not produce a repeatable and predictable result. Therefore, claims 21-40 are not allowable subject matter.

Claim Rejections - 35 USC § 102

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

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(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

2. Claims 21-40 are rejected under 35 U.S.C. 102(e) as being anticipated by US 2003/0083908 to Steinmann.

As per claim 21, Steinmann teaches a method for constructing a collateral loss coverage contract where the coverage buyer is an insurer, comprising the steps of:

- a. specifying an insurance policy written by said insurer (see: paragraph 18);
 - b. specifying the payments that will be made under said contract as a mathematical function of the losses paid by said insurance policy (see: paragraph 18);
- and
- c. using a mathematical function of the premium that is paid for said insurance policy to determine the premium paid for said contract (see: paragraph 18).

As per claims 22-26, are rejected as a group because they are all, to one of ordinary skill in the art, obvious variations of types of contracts that would be reinsured, and do not affect the patentability of the claimed method (see: paragraph 12).

As per claim 27, Steinmann teaches the claimed method where said payments are expressed as a mathematical function that is directly proportional to said losses paid by said insurance policy (see: paragraph 18).

As per claim 28, Steinmann teaches the claimed method where said payments are expressed as a mathematical function that is not directly proportional to said losses paid by said insurance policy (see: paragraph 19).

As per claim 29, Steinmann teaches a method for constructing a collateral loss coverage contract, comprising the steps of:

- a. specifying a reinsurance policy (see: paragraph 11 and 18);
- b. specifying the payments that will be made under said contract as a mathematical function of the losses paid by said reinsurance policy (see: paragraphs 11 and 18); and
- c. using a mathematical function of the premium that is paid for said reinsurance policy to determine the premium paid for said contract (see: paragraphs 11 and 18).

As per claims 30-34, they are rejected for the same reasons as set forth for claims 22-26.

As per claims 35 and 36, they are rejected for the same reasons set forth for claims 27-28.

As per claim 37, Steinmann teaches a method for pre-negotiating collateral loss coverage contract terms, comprising the steps of:

- a. specifying a type of reinsurance policy (see: paragraph 155);
- b. specifying the payments that will be made under said contract as a mathematical function of the losses paid by said type of reinsurance policy (see: paragraphs 155, 11, and 18);
- c. using a mathematical function of the premium that is paid for said type of reinsurance policy to determine the premium paid for said contract (see: paragraphs 155, 11, and 18); and

-d. communicating said acceptable combinations to potential coverage buyers
(see: paragraph 155).

As per claims 38-40, they are rejected for the same reasons set forth for claims 22-26.

Conclusion

3. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

4. This concept is also described in Rejda's textbook on the *Principles of Risk Management and Insurance*.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to ANITA MOLINA whose telephone number is (571)270-3614. The examiner can normally be reached on Monday through Friday 8am to 5:30pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, C. Luke Gilligan can be reached on 571-272-6770. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/ANITA MOLINA/
Examiner, Art Unit 3626
06/07/2008

/C Luke Gilligan/
Supervisory Patent Examiner, Art Unit 3626